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Report of the Ad Hoc Advisory Group on Guinea-Bissau*

Summary

Since the last report of the Ad Hoc Advisory Group to the Economic and Social Council, Guinea-Bissau has experienced significant changes that have led to a promising change in the country's evolution towards democracy and development.

On 14 September 2003, President Kumba Yala resigned from office following an intervention by the military and a political agreement supported by the Economic Community of West African States (ECOWAS), the Presidency of the Community of Portuguese-Speaking Countries (CPLP) and the United Nations offices in Guinea-Bissau. A National Transitional Council, whose task is to hold elections in the shortest possible time, replaced the Government of President Kumba Yala.

The Ad Hoc Advisory Group issued a statement expressing its full support for the agreement supported by ECOWAS, CPLP and the United Nations office in Guinea-Bissau. The Group called on donors to consider extending emergency assistance to Guinea-Bissau to enable it to return to democratic rule and to address the deteriorating socio-economic situation.

On 17 November 2003, the Group hosted an informal dialogue between Guinea-Bissau's Transitional President, Henrique Pereira Rosa, the Minister for Foreign Affairs, Mr. João José Silva Monteiro, the United Nations agencies, the Bretton Woods institutions and the major development partners of Guinea-Bissau. The purpose was to discuss ways of providing emergency support to the transitional Government.

President Rosa later announced that elections would be held on 28 March 2004. The United Nations Development Programme (UNDP) is managing a special fund for

* The present report is being submitted late in order to reflect recent developments regarding international support to Guinea-Bissau.

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elections and is coordinating United Nations electoral assistance for Guinea-Bissau. The United Nations Peace-building Support Office in Guinea-Bissau (UNOGBIS) will coordinate international observers monitoring the elections.

The International Monetary Fund (IMF) and the World Bank have helped Guinea-Bissau draft a budget for 2004. UNDP has established an Emergency Economic Management Fund to receive funds to address the social and economic challenges the country faces. The Netherlands has already donated €1.8 million euros (about $2.1 million United States dollars) and Sweden and France have added $1 million and €500,000, respectively. CPLP has established a Special Fund for Guinea-Bissau, which has received contributions from member countries (Angola, Brazil and Portugal); these funds will also be channelled through the Emergency Economic Management Fund.

Despite the generous donations, Guinea-Bissau remains in dire need of assistance, including budget support to pay salaries for government workers, some who have not been paid for many months. At the same time, the Government is encouraged to remain committed to holding the elections to restore a democratic Government to Guinea-Bissau. The continued donor support and the growing democracy within the country are crucial if Guinea-Bissau is to be saved from regressing back into conflict.

I. Background

1. In its resolution 2002/1 of 15 July 2002, the Economic and Social Council decided to create a framework for advisory groups on African countries emerging from conflict. The Ad Hoc Advisory Group on Guinea-Bissau was the first such Group to be established (see Council decision 2002/304 of 25 October 2002). The mandate of the Group is: to examine the humanitarian and economic needs of Guinea Bissau; review relevant assistance programmes; prepare recommendations for a long-term programme of support, based on development priorities, through the integration of relief, rehabilitation, reconstruction and development into a comprehensive approach to peace and stability; and to provide advice to ensure that the assistance of the international community in supporting Guinea-Bissau is adequate, coherent, well-coordinated, effective and promotes synergy.

2. On 10 January 2003, the Ad Hoc Advisory Group presented its first report to the Council (see E/2003/8). The report recommended a partnership approach between the authorities of Guinea-Bissau and the international community, under which the authorities would work on the promotion of the rule of law and political stability, while international development partners would provide emergency financial support and technical assistance in various fields. The Group recommended the establishment of an Emergency Economic Management Fund, to be managed by the United Nations Development Programme (UNDP), to channel international assistance. It also made recommendations for the long-term development of the country. On 3 July 2003, the Group submitted a supplementary report to the substantive session of the Council of 2003 (E/2003/95, annex), in which it highlighted the main aspects of its work in the first half of the year, including a joint mission with the Security Council to Guinea-Bissau.

3. In its resolution 2003/53 of 24 July 2003, the Council decided "to extend the mandate of the Ad Hoc Advisory Group on Guinea-Bissau until its organizational session in January 2004, with the current membership, including those invited members, with the purpose of monitoring the implementation of its recommendations, following closely the humanitarian situation and economic and social conditions prevailing in the country and providing an assessment of its work through a report to be submitted to the Council".[1]

II. Highlights of the work of the Ad Hoc Advisory Group on Guinea-Bissau since the substantive session of the Council of 2003

4. Since July 2003, the Advisory Group has continued wide consultations with the authorities of Guinea-Bissau and their development partners. However, the political developments in the country led to a different context for action, which called for new initiatives by the Group.

5. On 14 September 2003, a military intervention, followed by an agreement signed three days later, led to the resignation of President Kumba Yala. On 18 September 2003, the Group issued a statement in which it called on donors to consider extending emergency assistance for Guinea-Bissau to enable it to return to democratic rule (E/2003/105, annex). The Advisory Group was concerned by the dire socio-economic situation faced by the people of Guinea-Bissau. It further

expressed its full support to the good offices of the Economic Community of West African States (ECOWAS), the Presidency of the Community of the Portuguese-Speaking Countries (CPLP) and the United Nations offices in Guinea-Bissau to resolve the crisis and noted that there was an urgent need to support an early return to civilian rule and the holding of elections in the shortest possible time.

6. The Political Transition Charter was signed on 28 September 2003, with the broad support of political parties, civil society and the military. The National Transitional Council and the Transitional President were subsequently sworn in and began to carry out their functions. Legislative elections have been scheduled for 28 March 2004. Presidential elections will be organized one year after the swearing in of the Parliament.

7. The election of the President and Vice-President of the Supreme Court on 26 January 2004 is considered by many as the final step in the process of creating constitutional conditions for these elections. The Advisory Group mentioned the election of these officials as a measure that needed to be taken by the authorities in the framework of its proposed partnership (E/2003/8, para. 43).

8. During this process, the Group remained in close contact with the development partners of Guinea-Bissau, including the Representative of the Secretary-General to Guinea-Bissau and the United Nations Resident Coordinator, the Bretton Woods institutions and representatives of donor countries, and witnessed the willingness of many to support the transitional institutions. On 17 November 2003, the Advisory Group organized an informal dialogue on Guinea-Bissau at United Nations Headquarters in New York. The Group invited the Transitional President, Henrique Pereira Rosa, and the Minister for Foreign Affairs of the Transitional Government, João José Silva Monteiro, as well as major development partners of the country. The meeting aimed at reassessing the social, economic and political situation in Guinea-Bissau and discussed ways of providing support for the transitional Government.

9. The informal dialogue enabled a rich and constructive exchange of views between the Transitional President, the Minister for Foreign Affairs, the Friends of Guinea-Bissau, representatives of donor countries, the Executive Director for Guinea-Bissau at the World Bank, senior officials responsible for Guinea-Bissau at the International Monetary Fund (IMF) and the World Bank, the Representative of the Secretary-General and the United Nations Resident Coordinator in Guinea-Bissau as well as representatives of UNDP and the Department of Political Affairs of the Secretariat. The Transitional President stressed the important steps taken to normalize the political situation in Guinea-Bissau in order to ensure more discipline and rigor in the use of public finances and to improve the socio-economic situation in the country during the transition period. He called on development partners to resume support to his country through emergency and medium-term assistance, which would contribute to ensure the conduct of State affairs without upheavals. A debate followed with representatives of donors, the Bretton Woods institutions and the United Nations system, which helped clarify some aspects of the situation and the consideration of modalities for international support.

10. This meeting gave an opportunity to President Rosa and the transitional authorities to present to development partners their vision and plans to foster confidence between them. The Advisory Group is much encouraged by the growing level of mutual understanding in the relationship between the authorities of Guinea-Bissau and its partners.

11. Through the Advisory Group, the working relationships between the Economic and Social Council and the Security Council have continued to increase. On 18 November, the President of the Council and the Chairman of the Ad Hoc Advisory Group were invited to address the Security Council at a private meeting on the situation in Guinea-Bissau and to present the work carried out by those bodies on development support to the country. On 4 August and 19 December 2003, the President of the Security Council issued press statements commending the Advisory Group for its role in the follow-up provided to the situation in Guinea-Bissau.

III. International donor support to Guinea Bissau

12. It is recalled that, according to the UNDP *Human Development Report 2003*, Guinea-Bissau ranks 166 out of 173 countries on its human development index.[2] With some exceptions, its socio-economic indicators are generally below those of sub-Saharan African countries and of least developed countries as a whole. The Transitional Government estimates that national production declined by more than 7 per cent in 2002 and by a further 1 per cent in 2003. Industrial activity has virtually ceased to exist and central electricity production has almost stopped. The salaries of civil servants were not paid for most of 2003. The health and education sectors, two pillars of development, experienced serious difficulties, which prevented access by the majority of the population to medicine and kept children away from school. The risk exists that social tensions generated by this dire situation threaten the democracy and stability promised by the signing of the Transitional Charter.

13. The World Bank, IMF and the African Development Bank sent a joint mission to Guinea-Bissau in November and December 2003 to assess the situation and to make recommendations. Together with UNDP, they have provided technical assistance to the Government in elaborating the Emergency Economic Management Plan and the budget for 2004. A monthly cash-management plan for the period from December 2003 to June 2004, with financial benchmarks, has also been prepared.

14. The World Bank announced the disbursement of €530,000 euros to pay part of the salary arrears of teachers. This should be complemented by additional funding for salaries and projects, including the construction of classrooms and training materials. IMF continues to assist the authorities in updating the cash-flow plan and setting up a monitoring and reporting system for the Emergency Economic Management Fund. As for the European Union, a major development partner, official discussions are under way in the context of the dialogue under article 96 of the Cotonou Agreement, with the objective of normalizing relations between the European Commission and the transitional authorities. The completion of this dialogue, which is required for access to special emergency aid, would open the door for development assistance by the European Union. It is hoped that this dialogue will be completed soon.

15. A fund established by UNDP to receive contributions for the organization of the elections has received contributions from several countries.

16. It is important to note that, in the absence of an IMF staff-monitored programme, the Emergency Economic Management Plan has been formulated in the context of, and with explicit reference to, the partnership approach proposed by the Ad Hoc Advisory Group in its previous report (E/2003/8) and endorsed by the Economic and Social Council in its resolution 2003/1 of 31 January 2003.

Furthermore, the Transitional Government has suggested that all emergency financial assistance to the country be provided through the UNDP-managed Emergency Economic Management Fund, the establishment of which was recommended in the Group's report. The country faced a financing gap of $18.3 million, for which the authorities requested emergency funding.

17. The transitional authorities presented their development strategy and announced that they had approved the Emergency Economic Management Plan at an informal meeting of donors organized by the World Bank in Paris on 18 December 2003. The Netherlands (€1.8 million ($2.1 million)), Sweden ($1 million) and France (€500,000) have contributed to the UNDP-managed Emergency Economic Management Fund. CPLP has established a Special Fund for Guinea-Bissau and has received contributions from member countries (Angola, Brazil and Portugal); these funds will also be channelled through the EEMF. Portugal has provided direct financial support in the amount of $1 million, in addition to the short-term intervention programme launched to answer basic needs (€7.3 million). China has also provided financial support.

18. Currently, these contributions amount to $5.5 million, while it is estimated that $10.3 million will be needed through June 2004 to enable public institutions to operate and assure that hospitals and schools remain open. A further $8 to $9 million will be needed for the rest of 2004.

IV. Conclusions, preliminary assessment and recommendations

19. **The request by Guinea-Bissau to be the first country for which an Ad Hoc Advisory Group would be created demonstrates its commitment to building a partnership with international development partners. A fully fledged dialogue on development priorities will benefit from the return to constitutional order and the holding of elections, primarily the legislative elections scheduled to be held on 28 March 2004. Meanwhile, international assistance should focus on emergency support, including electoral assistance. Such support remains crucial in view of the socio-economic situation in the country and the state of public institutions. The Advisory Group has mobilized development stakeholders to focus on that objective and is encouraged both by the progress made in setting up the appropriate mechanisms to channel assistance and by the financial contributions made by some donors. It recommends to the Economic and Social Council that it further appeal to the donor community to increase emergency assistance to Guinea-Bissau through contributions to the UNDP-managed Emergency Economic Management Fund.**

20. **In line with its resolutions 2002/1 of 15 July 2002 and 2003/50 of 24 July 2003, the Economic and Social Council will undertake, at its substantive session of 2004, an assessment of the Ad Hoc Advisory Groups, based on lessons learned from the initial experiences of the Ad Hoc Advisory Groups devoted to Guinea-Bissau and Burundi, and of progress made in the implementation of their recommendations. For that reason, the Group believes that it might be premature to go into a full assessment of its activities until the holding of the substantive session. However, the following aspects deserve to be stressed as important contributions by the Group: (a) the design and proposal of a partnership that formed the framework for the promotion of relations between**

the Government of Guinea-Bissau and the international community; (b) the creation of the Emergency Economic Management Fund, as recommended in the Group's first report (E/2003/8); (c) the close working relationship established with IMF and the World Bank in support of Guinea-Bissau; and (d) the increased interaction between the Council and the Security Council concerning the challenges faced by the country. Although the long-term recommendations of the Group's initial report cannot be fully implemented in the current political context, the short-term ones have been advanced. The Group hopes that this evolution will help to further mobilize the international community in support of Guinea-Bissau.

21. **In a broader perspective, the work of the Ad Hoc Advisory Group on Guinea-Bissau has exemplified the valuable role that the Economic and Social Council can play in assisting countries in post-conflict situations to consolidate stability and pave the way to development and growth.**

Notes

[1] The Group is composed of the following Permanent Representatives to the United Nations, Ambassador Dumisani S. Kumalo, Permanent Representative of South Africa and Chairman of the Group, Ambassador Alfredo Lopes Cabral, Permanent Representative of Guinea-Bissau, Ambassador Ronaldo Mota Sardenberg, Permanent Representatives of Brazil, Ambassador Dirk van den Berg, Permanent Representative of the Netherlands, represented by Mr. Arjan Paul Hamburger, Deputy Permanent Representative and Ambassador de Santa Clara Gomes, Permanent Representative of Portugal. In addition, Ambassador Gert Rosenthal, Permanent Representative of Guatemala, Ambassador Crispin Grey-Johnson, Permanent Representative of the Gambia and Chairman of the Group of Friends of Guinea-Bissau and Ambassador Ismael Abreaão Gaspar Martins, Permanent Representative of Angola and Chairman of the Ad Hoc Working Group of the Security Council on Conflict Prevention and Resolution in Africa, take part in the work of the Advisory Group.

[2] United Nations Development Programme, *Human Development Report 2003*, see www.undp.org/hdr2003/.